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STATE FOR AC/CB, NP/CBM, VC/CCB, L/ACV, IO/S
SECDEF FOR OSD/ISP
JOINT STAFF FOR DD PMA-A FOR WTC
COMMERCE FOR BIS (GOLDMAN)
NSC FOR JOECK
WINPAC FOR LIEPMAN

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SUBJECT: CHEMICAL WEAPONS CONVENTION (CWC): STATUS REPORT
ON 2004 PRIORITIES

REF: A. STATE 28009

[B](#). THE HAGUE 1695

[C](#). THE HAGUE 1697

This is CWC-86-04.

SUMMARY

[1](#). (U) The successful completion of the 37th Executive Council session (Ref B) marks the appropriate time to assess the status of U.S. priorities for the first half of 2004 (Ref A). There has been substantial progress on results-based budgeting, more effective intersessional work and EC sessions, and optimization of verification. We have also moved forward on Article VII, universality, promoting compliance, and addressing the entire range of Article VI issues. In the case of information technology, and the Verification Information System (VIS) Enhancement Project in particular, progress had been made but there is still much work to be done (Ref C). End Summary.

RESULTS-BASED BUDGETING

[2](#). (U) The Technical Secretariat has submitted the draft 2005 budget in an RBB format, which fully lives up to the expectation that implementation of RBB will be a "work in progress." While noting the shortcomings of this initial effort at use of RBB, the Advisory Body on Administrative and Financial Matters (ABAF) did not reject the draft budget format. The two budget facilitators (Ian Mundell of Canada and Gordon Eckersley of Australia) recently began two weeks of consultations on the proposed budget (septel). The goal of the two-week exercise is to have delegations provide all their questions on all aspects of the budget to the TS so that answers can be ready for States Parties after the summer break.

[3](#). (U) While a number of delegations -- India in particular -- have used the facilitations to raise endless questions about RBB, proposed objectives and performance indicators, there has been no formal challenge to implementation of RBB for the 2005 budget. So far, efforts to turn the budget consultations into a drafting exercise on objectives and indicators have been fought off by the facilitators as well as the U.S. and other delegations. Mundell indicated to us that the facilitators will make a strong pitch for language in the introduction or preamble to the budget which will emphasize that refinement of the RBB objectives and indicators will be a continuous process, and those set out in the 2005 budget will be revised in coming years.

[4](#). (U) We strongly support Mundell's proposal and will be working with the facilitators to find suitable language. We are, however, under no illusion that this will end efforts to turn the budget discussions into a drafting exercise. While a certain amount of such discussion is worthwhile to ensure that delegations feel they have had a chance to provide their inputs into the draft budget, we will work with the facilitators and other delegations to ensure that this is kept to an acceptable minimum. In sum, substantial progress has been made toward adoption of a 2005 budget in an RBB format, and the odds on adoption of such a budget later this year look favorable at this time.

EFFECTIVE INTERSESSIONAL WORK PERIODS AND COUNCIL SESSIONS

[5](#). (U) Washington had been concerned about the long intersessional periods before and after EC-36 (March 23-26). Ultimately, EC-36 and EC-37 were exceedingly productive and decisions were reached on a number of key issues. Some of that is the result of much better preparation by the TS in ensuring that documents, particularly a draft annotated

agenda, are distributed for delegations well in advance of the Council meetings. Another key component was much more extensive coordination with the Chairman during the Council sessions, informing him which issues were ready for decision, and which required more time for consultation.

16. (U) In addition, the new Chairman, Amb. Jose Antonio Arrospe Del Busto of Peru, proved at EC-37 that he intends to run Council meetings in a brisk, workmanlike manner. Sylwin Gizowski, the Director of the Secretariat of the Policy-Making Organs, has indicated that the Chairman fully supports efforts to continue improving procedures, and we will be working closely with Gizowski on this matter. One factor that will bear monitoring in the coming months is the effectiveness of the new Vice-Chairpersons. Much of the credit for the successes in the first half of the year went to very effective facilitators. While some Vice-Chairs were quite strong (such as Amb. Olbrich of Germany heading the industry cluster), the record was spotty. Washington has emphasized that strong Vice-Chairs are needed to direct the work of the various clusters, and we will make every effort to try to steer the new Vice-Chairs to an energetic, well-planned agenda.

17. (U) Finally, we began work with the TS on IT improvements to ensure more effective and efficient work during the intersessional period. We are coordinating with the TS to improve the TS external server to incorporate a long-term consultation calendar and posting of associated working facilitator and SP discussion papers for online access.

OPTIMIZATION OF VERIFICATION AT CWDFS

18. (U) There is now general agreement between the U.S. and TS on a common approach to optimization of verification. The visits to U.S. sites by DG Pfirter and the TS consultant (Diamantides/France) handling optimization have established that the U.S. is not blocking work in this area, but wants it to proceed in a constructive manner. One complicating factor that made this a difficult topic was the turf battle between Diamantides and Verification Division chief Reeps, which has largely been resolved to the satisfaction of both sides.

19. (U) The recent presentation by Reeps to the EC on optimization of verification, which was fully cleared with the U.S., got a positive reception. An earlier brief to the WEOG was equally effective, but generated a discussion on whether other SPs could provide an input to the process, if not formally "adopt" optimization efforts. We see no reason for other SPs to have any formal role in optimization measures on which the U.S. and TS agree and believe we should, therefore, rebuff any future effort that might be made to appoint a facilitator for optimization. Experience has shown, however, that an early and meaningful effort on the part of the TS to keep SPs informed of the optimization efforts being made at U.S. facilities pays big dividends in terms of defusing concerns over "what we're up to."

PROMOTING COMPLIANCE

110. (U) The TS has been efficient in providing declarations, amendments, destruction and verification plans and other documents in a timely manner, and we have continued to encourage the TS on similar concrete steps to promote compliance. In return, we have sought to brief appropriate TS personnel about our discussions with other SPs on the

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entire range of compliance issues. With regard to preparations for conduct of a challenge inspection, the TS has diligently worked on the key logistical questions, and recognizes the importance some SPs place on this issue. A good example was the extensive TS participation and the excellent TS presentations at the recent challenge inspection seminar in Vienna. While a snafu resulting in postponement of a mock exercise to be hosted by Switzerland indicates there are still lapses by the TS, it is our impression they are actively engaged and making progress on this issue.

IMPLEMENTATION OF ARTICLE VII AND UNIVERSALITY

111. (U) On Article VII, the facilitator (Mark Matthews/U.K.) and the point of contact in the TS (Ralf Trapp) have made progress in putting meat on the bones of the action plan. More important, the coordination between the two, and with other delegations, has been excellent. The TS issued an Article VII status report before EC-37 indicating little progress had been made since the approval of the Action Plan. However, much of the information in the report was based on dated information. The TS issued tailored Notes Verbales in

early 2004, requesting status reports from relevant State Parties, focusing on those who previously indicated that they had no National Authority or had not begun the legislative process by late 2003. Although not required by the Action Plan, the TS provided an update to EC-37 based on responses to the early 2004 Notes Verbales. Again, only little progress was noted.

12. (U) The International Cooperation Branch (ICB) reported that it is providing tailored support programs after requests from 18 States Party, but resources prevent responses in 2004 to requests from another 12 States Party. ICB also noted that it had no resources for follow up after such programs and advised that such efforts could be a useful way for interested States Party to assist others who have requested TS help in the past. The facilitator and TS officials held a

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workshop for State Parties of most concern whose missions are based in Brussels. The workshop was judged to be a success, and it will be repeated sometime in late 2004. The facilitator/TS plans a similar effort on September 1 for missions based in London and will include representatives from other OPCW delegations (including U.S. del rep, France, and Tunisia).

13. (U) After a shaky start, the effort on universality has been much improved in recent months. First and foremost, the new facilitator (Hela Lahmar/Tunisia) has proven to be energetic and capable. On the other hand, the External Relations Division of the TS did not start off on the right foot. While conferences were held in Malta and Addis Ababa, the delays and complications (particularly regarding Malta) generated reasons for concern. Ambassador Javits subsequently spoke with the DG about the need for the TS to become more focused in its efforts, and the last event sponsored by the TS (a universality event in Brussels with African non-States Parties) was well organized and the TS preparations supervised by the facilitator paid off.

----- STRENGTHENING THE ARTICLE VI REGIME -----

14. (U) Work on industry issues has resulted in clearing away much underbrush and establishment of new tasks. Several of the long-standing issues on the industry cluster list, including Schedule 2/3 Captive Use, Clarification Requests, and Facility Agreements have been closed either by EC decision or by EC report language. In addition, Del persuaded the TS to establish and publish criteria on how to internally evaluate transfer discrepancies (i.e., redirecting the TS from the unrealistic 'material balance' effort to a process that focuses on resolving discrepancies from normal trends of reported trade). Implementation of these criteria will close another open issue on the industry cluster. This cleansing creates the opportunity for new work to be undertaken by the industry cluster.

15. (U) In the effort to identify and organize new initiatives, Del coordinated closely with the TS to enhance reporting regarding the status of declaration submissions and got the issue of late submissions of declarations onto the industry cluster agenda for consultations. We are working with other SP, primarily in WEOG, to identify and prioritize new work for the cluster, which may include efforts to address broad problems faced by the TS and SP regarding the process by which declaration amendments are provided and null/declarations.

16. (U) The issue of OCPF site selection has seen some progress, but much work remains. Del hosted a OCPF seminar in February to assist SP in understanding the math in the U.S.-Swiss proposal in an effort to pave the way for the political discussion on how best to implement the methodology. The seminar was successful in facilitating a shift of SP from discussing the "why" to the "how" of implementation, although significant disagreement remains over how the TS will allocate its points under the system and how SP are to provide their input into the system. Under the new Dutch facilitator, work is expected to proceed by addressing each of the weighting factors individually to arrive at a consensus on how to implement the methodology. We have conducted several bilateral discussions with SP to enhance understanding in support of the seminar and intersessional consultations.

17. (U) Regarding inspection frequency, under the ongoing budget discussions, Del is supporting the modest increase in OCPF inspections and continues to work on the 'right' number. We have also been active in encouraging the TS to seek inspection efficiencies (e.g., elimination of facility agreement inspection burden, reducing number of inspectors deployed) as a means to increase the number of inspections capable of being conducted, given fiscal limitations. At this point, budget discussions are centered in the 10-15 inspection increase range for the OCPF category.

118. (U) During discussions both bilaterally with SP and with the TS, we continue to defend the U.S. regulation and seek alternative solutions to the issue of the 90-day window of inspectability of OCPF sites. Bilateral discussions with the French and with the TS have yet to produce a workable alternative solution, although both the French and the TS prefer to resolve this issue without wider consultations or alternatives that would include amending the treaty. We understand efforts are underway in Washington to evaluate ways forward in the regulations and looks forward to further information that would help resolve this issue.

SAMPLING AND ANALYSIS PROCEDURES

119. (U) Work on the sampling and analysis procedures has ground to a halt, and this item has been moved from the technical into the political arena. Although progress had been achieved during early-year consultations to handle the issue of the presence of the inspected SP representative at the designated laboratory separately and allow the remainder of the procedures to be submitted to the Council for adoption, subsequent consultations in June overturned that effort. Several delegations, led by the Chinese, insisted that the procedures document be 'all or nothing.' The facilitator, (Wills, Netherlands), in response to this latest derailment and his rapidly approaching summer retirement date, resigned his post and reported to the Council that no progress could be achieved.

DATA AUTOMATION

120. (U) The Verification Information System Enhancement (VIS) Project remains on schedule, although some TS officials remain concerned about the willingness of the contractor, Sitar, Inc, to meet TS deadlines. Others asserted that the contractor is dictating the terms and timelines of the effort without adequate oversight. But progress is being made. In April, the contractor provided the TS a completed Relational Database Management System (RDBMS), although at present there are no completed user interfaces to make it functional. In late June, the contractor also provided the TS three additional products for posting on the OPCW website: a standardized TS country code database, a standardized list of chemicals relevant to the CWC, and a pull-down menu of all the industry declaration forms included in the Declarations Handbook (the CTFS in TS clothing).

121. (U) Other issues remain of concern. The contractor is three weeks late with a response to the TS proposal for the follow on effort needed to complete the project. Although Greg Linden, Head of the Information Services Branch (ISB), is serving as the project manager, he also supervises numerous other IT initiatives and projects and does not have the time to devote to the day-to-day management of the contract. ISB is below its minimal staffing level, so no one is able to devote daily attention to contract administration. Linden and the VIS effort would greatly benefit from the services of a contract administrator who could oversee the day-to-day administrative issues, leaving Linden to oversee the substance of the work.

122. (U) TS officials have raised concerns that there has been inadequate security planning for the completed VIS, lack of planning for VIS implementation, lack of funding to complete the project, and lack of planning to ensure the VIS is endorsed by States Parties. (Note: The DDG privately characterized TS critics of the project as naysayers who have been unwilling to make constructive suggestions on ways to improve the project.) Delegation will continue to monitor developments closely.

123. (U) Ito sends.
SOBEL